



General Assembly

**Substitute Bill No. 5583**

February Session, 2014



**AN ACT CONCERNING THE PAYMENT OF REAL PROPERTY TAXES  
BY CERTAIN INSTITUTIONS OF HIGHER LEARNING AND HOSPITAL  
FACILITIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-20a of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2014, and*  
3 *applicable to assessment years commencing on and after said date*):

4 (a) For purposes of this section:

5 (1) "Hospital facility" means any nonprofit general hospital facility  
6 or freestanding chronic disease hospital or any urgent care facility that  
7 operates for at least twelve hours a day and had been the location of a  
8 nonprofit general hospital for at least a portion of calendar year 1996,  
9 exclusive of any such facility operated by the federal government,  
10 except a campus of the United States Department of Veterans Affairs  
11 Connecticut Healthcare Systems, or the state of Connecticut or any  
12 subdivision thereof;

13 (2) "Private nonprofit institution of higher learning" means any such  
14 institution, as defined in subsection (a) of section 10a-34, or any  
15 independent college or university that is engaged primarily in  
16 education beyond the high school level, and offers courses of  
17 instruction for which college or university-level credit may be given or

18 may be received by transfer;

19 (3) "Independent college or university" means a nonprofit institution  
20 established in this state that has degree-granting authority and a  
21 campus located in this state and is not (A) included in the Connecticut  
22 system of public higher education, or (B) an institution whose primary  
23 function is the preparation of students for religious vocation;

24 (4) "Nonprofit general hospital facility" means any facility that is  
25 used primarily for the purpose of general medical care and treatment,  
26 exclusive of any hospital facility used primarily for the care and  
27 treatment of special types of disease or physical or mental conditions;

28 (5) "Freestanding chronic disease hospital" means a facility that  
29 provides for the care and treatment of chronic diseases, excluding any  
30 such facility having an ownership affiliation with and operated in the  
31 same location as a chronic and convalescent nursing home; and

32 (6) "Municipality" means any town, consolidated town and city,  
33 consolidated town and borough, borough, district, as defined in  
34 section 7-324, and any city not consolidated with a town.

35 (b) (1) Any private nonprofit institution of higher learning or any  
36 hospital facility shall be liable for the payment of real property taxes as  
37 follows: (A) For the assessment year commencing October 1, 2014,  
38 twenty per cent of real property taxes; (B) for the assessment year  
39 commencing October 1, 2015, forty per cent of real property taxes; (C)  
40 for the assessment year commencing October 1, 2016, sixty per cent of  
41 real property taxes; (D) for the assessment year commencing October  
42 1, 2017, eighty per cent of real property taxes; and (E) for assessment  
43 years commencing on and after October 1, 2018, one hundred per cent  
44 of real property taxes. Except as provided in subdivision (3) of this  
45 subsection, nothing in this subsection shall apply to any private  
46 nonprofit institution of higher learning or any hospital facility that has  
47 entered into an agreement with the municipality in which it is located  
48 for the payment of real property taxes for the current assessment year.

49     [(a)] (2) On or before [January first, annually] September 1, 2015,  
50 and annually thereafter, the Secretary of the Office of Policy and  
51 Management shall determine the amount due to each [municipality]  
52 private nonprofit institution of higher learning or hospital facility in  
53 the state, in accordance with this [section] subsection and section 12-  
54 20b, as amended by this act, as a state grant [in lieu] for reimbursement  
55 of taxes with respect to real property owned by [any] such private  
56 nonprofit institution of higher learning or [any nonprofit general]  
57 hospital facility. [or freestanding chronic disease hospital or an urgent  
58 care facility that operates for at least twelve hours a day and that had  
59 been the location of a nonprofit general hospital for at least a portion of  
60 calendar year 1996 to receive payments in lieu of taxes for such  
61 property, exclusive of any such facility operated by the federal  
62 government, except a campus of the United States Department of  
63 Veterans Affairs Connecticut Healthcare Systems, or the state of  
64 Connecticut or any subdivision thereof. As used in this section "private  
65 nonprofit institution of higher learning" means any such institution, as  
66 defined in subsection (a) of section 10a-34, or any independent college  
67 or university, as defined in section 10a-37, that is engaged primarily in  
68 education beyond the high school level, and offers courses of  
69 instruction for which college or university-level credit may be given or  
70 may be received by transfer, the property of which is exempt from  
71 property tax under any of the subdivisions of section 12-81; "nonprofit  
72 general hospital facility" means any such facility which is used  
73 primarily for the purpose of general medical care and treatment,  
74 exclusive of any hospital facility used primarily for the care and  
75 treatment of special types of disease or physical or mental conditions;  
76 and "freestanding chronic disease hospital" means a facility which  
77 provides for the care and treatment of chronic diseases, excluding any  
78 such facility having an ownership affiliation with and operated in the  
79 same location as a chronic and convalescent nursing home.] The grant  
80 payable to any private nonprofit institution of higher learning or  
81 hospital facility under the provisions of this subsection in the state  
82 fiscal year commencing July 1, 2015, and in each fiscal year thereafter,  
83 shall be equal to seventy-seven per cent of such property taxes,

84 provided in any year in which the private nonprofit institution of  
85 higher learning or hospital facility pays a percentage of taxes to a  
86 municipality that is lower than seventy-seven per cent of such  
87 property taxes, as provided in subdivision (1) of this subsection, the  
88 grant amount payable to such institution or facility shall be equal to  
89 the percentage actually paid, and any amount over such percentage  
90 shall be paid to the municipality in which such institution or facility is  
91 located as a grant in lieu of taxes. The amount of the grant payable to  
92 each institution or facility in any year, or to the municipality, in  
93 accordance with this section shall be reduced proportionately in the  
94 event that the total of such grants in such year exceeds the amount  
95 appropriated for the purposes of this section with respect to such year.

96 (3) Any private nonprofit institution of higher learning or any  
97 hospital facility that has entered into an agreement with the  
98 municipality in which it is located for the payment of real property  
99 taxes for the current assessment year shall be eligible to receive a state  
100 grant for reimbursement of taxes pursuant to subdivision (2) of this  
101 subsection if such agreement requires such institution or facility to pay  
102 an amount that exceeds the amount of the grant such institution or  
103 facility would have received pursuant to said subdivision in the  
104 absence of such agreement.

105 [(b) The grant payable to any municipality under the provisions of  
106 this section in the state fiscal year commencing July 1, 1999, and in  
107 each fiscal year thereafter, shall be equal to seventy-seven per cent of  
108 the property taxes which, except for any exemption applicable to any  
109 such institution of higher education or general hospital facility under  
110 the provisions of section 12-81, would have been paid with respect to  
111 such exempt real property on the assessment list in such municipality  
112 for the assessment date two years prior to the commencement of the  
113 state fiscal year in which such grant is payable. The amount of the  
114 grant payable to each municipality in any year in accordance with this  
115 section shall be reduced proportionately in the event that the total of  
116 such grants in such year exceeds the amount appropriated for the

117 purposes of this section with respect to such year.]

118 (c) [Notwithstanding the provisions of subsection (b) of this section,  
119 the] The amount of the grant in lieu of taxes payable to any  
120 municipality [under the provisions of this section] with respect to a  
121 campus of the United States Department of Veterans Affairs  
122 Connecticut Healthcare Systems shall be [as follows: (1) For the fiscal  
123 year ending June 30, 2007, twenty per cent of the amount payable in  
124 accordance with said subsection (b); (2) for the fiscal year ending June  
125 30, 2008, forty per cent of such amount; (3) for the fiscal year ending  
126 June 30, 2009, sixty per cent of such amount; (4) for the fiscal year  
127 ending June 30, 2010, eighty per cent of such amount; (5) for the fiscal  
128 year ending June 30, 2011, and each fiscal year thereafter,] one  
129 hundred per cent of [such amount] the property taxes that, except for  
130 the exemption applicable to such campus, would have been paid with  
131 respect to such exempt real property.

132 [(d) As used in this section and section 12-20b, the word  
133 "municipality" means any town, consolidated town and city,  
134 consolidated town and borough, borough, district, as defined in  
135 section 7-324, and any city not consolidated with a town.]

136 Sec. 2. Section 12-20b of the general statutes is repealed and the  
137 following is substituted in lieu thereof (*Effective October 1, 2014, and*  
138 *applicable to assessment years commencing on and after said date*):

139 (a) Not later than April first in each year, any municipality to which  
140 a grant is payable under the provisions of section 12-20a, as amended  
141 by this act, shall provide the Secretary of the Office of Policy and  
142 Management with the assessed valuation of the tax-exempt real  
143 property as of the immediately preceding October first, adjusted in  
144 accordance with any gradual increase in or deferment of assessed  
145 values of real property implemented in accordance with section 12-62c,  
146 [which] that is required for computation of such grant. Any  
147 municipality [which] that neglects to transmit to the Secretary of the  
148 Office of Policy and Management the assessed valuation as required

149 by this [section] subsection shall forfeit two hundred fifty dollars to  
150 the state, provided the secretary may waive such forfeiture in  
151 accordance with procedures and standards adopted by regulation in  
152 accordance with chapter 54. Said secretary may, on or before the first  
153 day of August of the state fiscal year in which such grant is payable,  
154 reevaluate any such property when, in his or her judgment, the  
155 valuation is inaccurate and shall notify such municipality of such  
156 reevaluation. Any municipality aggrieved by the action of said  
157 secretary under the provisions of this section may, not later than ten  
158 business days following receipt of such notice, appeal to the secretary  
159 for a hearing concerning such reevaluation, provided such appeal shall  
160 be in writing and shall include a statement as to the reasons for such  
161 appeal. The secretary shall, not later than ten business days following  
162 receipt of such appeal, grant or deny such hearing by notification in  
163 writing, including in the event of a denial, a statement as to the reasons  
164 for such denial. If any municipality is aggrieved by the action of the  
165 secretary following such hearing or in denying any such hearing, the  
166 municipality may not later than two weeks after such notice, appeal to  
167 the superior court for the judicial district in which the municipality is  
168 located. Any such appeal shall be privileged. Said secretary shall  
169 certify to the Comptroller the amount due each municipality under the  
170 provisions of section 12-20a, as amended by this act, or under any  
171 recomputation occurring prior to September fifteenth [which] that may  
172 be effected as the result of the provisions of this section, and the  
173 Comptroller shall draw his or her order on the Treasurer on or before  
174 the fifth business day following September fifteenth and the Treasurer  
175 shall pay the amount thereof to such municipality on or before the  
176 thirtieth day of September following. If any recomputation is effected  
177 as the result of the provisions of this section on or after the January  
178 first following the date on which the municipality has provided the  
179 assessed valuation in question, any adjustments to the amount due to  
180 any municipality for the period for which such adjustments were made  
181 shall be made in the next payment the Treasurer shall make to such  
182 municipality pursuant to this section.

183       (b) Not later than August first in each year, any private nonprofit  
184 institution of higher learning, as defined in section 12-20a, as amended  
185 by this act, and any hospital facility, as defined in section 12-20a, as  
186 amended by this act, to which a grant is payable under the provisions  
187 of said section, shall provide the Secretary of the Office of Policy and  
188 Management with documentation showing (1) the assessed value of  
189 the real property for which such institution or facility is liable to pay  
190 taxes, and (2) the amount of the taxes paid by such institution or  
191 facility for the assessment year commencing the immediately  
192 preceding October first. Any institution or facility that neglects to  
193 transmit to the Secretary of the Office of Policy and Management the  
194 documentation required by this subsection shall forfeit two hundred  
195 fifty dollars to the state, provided the secretary may waive such  
196 forfeiture in accordance with procedures and standards adopted by  
197 regulation in accordance with chapter 54. Said secretary shall certify to  
198 the Comptroller the amount due each institution or facility under the  
199 provisions of section 12-20a, as amended by this act, and the  
200 Comptroller shall draw his or her order on the Treasurer on or before  
201 the fifth business day following September fifteenth and the Treasurer  
202 shall pay the amount thereof to such institution or facility on or before  
203 the thirtieth day of September following.

204       [(b)] (c) Notwithstanding the provisions of section 12-20a, as  
205 amended by this act, or subsection (a) of this section, the amount due  
206 the municipality of Branford, on or before the thirtieth day of  
207 September, annually, with respect to the Connecticut Hospice, in  
208 Branford, shall be one hundred thousand dollars, which amount shall  
209 be paid from the annual appropriation, from the General Fund, for  
210 reimbursement to towns for loss of taxes on private tax-exempt  
211 property.

212       [(c)] (d) Notwithstanding the provisions of section 12-20a, as  
213 amended by this act, or subsection (a) of this section, the amount due  
214 the city of New London, on or before the thirtieth day of September,  
215 annually, with respect to the United States Coast Guard Academy in

216 New London, shall be one million dollars, which amount shall be paid  
217 from the annual appropriation, from the General Fund, for  
218 reimbursement to towns for loss of taxes on private tax-exempt  
219 property.

220 Sec. 3. Subsections (c) and (d) of section 3-55j of the general statutes  
221 are repealed and the following is substituted in lieu thereof (*Effective*  
222 *October 1, 2014, and applicable to assessment years commencing on and after*  
223 *said date*):

224 (c) Twenty million one hundred twenty-three thousand nine  
225 hundred sixteen dollars of the moneys available in the Mashantucket  
226 Pequot and Mohegan Fund established by section 3-55i shall be paid to  
227 [municipalities] private nonprofit institutions of higher learning, as  
228 defined in section 12-20a, as amended by this act, and hospital  
229 facilities, as defined in section 12-20a, as amended by this act, eligible  
230 for a state grant [in lieu] for reimbursement of taxes paid pursuant to  
231 section 12-20a, as amended by this act, in addition to and in the same  
232 proportion as the grants payable to such [municipalities] institutions  
233 and facilities pursuant to section 12-20a, as amended by this act,  
234 subject to the provisions of subsection (d) of this section. [Any eligible  
235 special services district shall receive a portion of the grant payable  
236 under this subsection to the town in which such district is located. The  
237 portion payable to any such district under this subsection shall be the  
238 amount of the grant to the town under this subsection which results  
239 from application of the district mill rate to exempt property in the  
240 district.]

241 (d) Notwithstanding the provisions of subsection (c) of this section,  
242 no [municipality] private nonprofit institution of higher learning or  
243 hospital facility shall receive a grant pursuant to said subsection  
244 which, when added to the amount of the grant payable to such  
245 [municipality] institution or facility pursuant to section 12-20a, as  
246 amended by this act, would exceed one hundred per cent of the  
247 property taxes [which, except for any exemption applicable to any  
248 private nonprofit institution of higher education, nonprofit general



249 hospital facility or freestanding chronic disease hospital under the  
250 provisions of section 12-81, would have been paid with respect to such  
251 exempt real property on the assessment list in such municipality for  
252 the assessment date two years prior to the commencement of the state  
253 fiscal year in which such grants are payable] paid by such institution  
254 or facility. In any year in which a private nonprofit institution of  
255 higher learning or a hospital facility is liable for less than one hundred  
256 per cent of real property taxes, any moneys remaining after making a  
257 grant to any such institution or facility pursuant to subsection (c) of  
258 this section shall be paid proportionately to the municipality in which  
259 such institution or facility is located as a grant in lieu of taxes.

260 Sec. 4. Subdivision (7) of section 12-81 of the 2014 supplement to the  
261 general statutes is repealed and the following is substituted in lieu  
262 thereof (*Effective October 1, 2014, and applicable to assessment years*  
263 *commencing on and after said date*):

264 (7) (A) Subject to the provisions of sections 12-20a, as amended by  
265 this act, 12-87 and 12-88, the real property of, or held in trust for, a  
266 corporation organized exclusively for scientific, educational, literary,  
267 historical or charitable purposes or for two or more such purposes and  
268 used exclusively for carrying out one or more of such purposes or for  
269 the purpose of preserving open space land, as defined in section 12-  
270 107b, for any of the uses specified in said section, that is owned by any  
271 such corporation, and the personal property of, or held in trust for, any  
272 such corporation, provided (i) any officer, member or employee  
273 thereof does not receive or at any future time shall not receive any  
274 pecuniary profit from the operations thereof, except reasonable  
275 compensation for services in effecting one or more of such purposes or  
276 as proper beneficiary of its strictly charitable purposes, and (ii) in 1965,  
277 and quadrennially thereafter, a statement shall be filed on or before the  
278 first day of November with the assessor or board of assessors of any  
279 town, consolidated town and city or consolidated town and borough,  
280 in which any of its property claimed to be exempt is situated. Such  
281 statement shall be filed on a form provided by such assessor or board

282 of assessors. The real property shall be eligible for the exemption  
283 regardless of whether it is used by another corporation organized  
284 exclusively for scientific, educational, literary, historical or charitable  
285 purposes or for two or more such purposes;

286 (B) On and after July 1, 1967, housing subsidized, in whole or in  
287 part, by federal, state or local government and housing for persons or  
288 families of low and moderate income shall not constitute a charitable  
289 purpose under this section. As used in this subdivision, "housing" shall  
290 not include real property used for temporary housing belonging to, or  
291 held in trust for, any corporation organized exclusively for charitable  
292 purposes and exempt from taxation for federal income tax purposes,  
293 the primary use of which property is one or more of the following: (i)  
294 An orphanage; (ii) a drug or alcohol treatment or rehabilitation facility;  
295 (iii) housing for homeless individuals, mentally or physically  
296 handicapped individuals or persons with intellectual disability, or for  
297 victims of domestic violence; (iv) housing for ex-offenders or for  
298 individuals participating in a program sponsored by the state  
299 Department of Correction or Judicial Branch; and (v) short-term  
300 housing operated by a charitable organization where the average  
301 length of stay is less than six months. The operation of such housing,  
302 including the receipt of any rental payments, by such charitable  
303 organization shall be deemed to be an exclusively charitable purpose;

304 Sec. 5. Subdivision (8) of section 12-81 of the 2014 supplement to the  
305 general statutes is repealed and the following is substituted in lieu  
306 thereof (*Effective October 1, 2014, and applicable to assessment years*  
307 *commencing on and after said date*):

308 (8) [The] Subject to the provisions of section 12-20a, as amended by  
309 this act, the funds and estate which have been or may be granted,  
310 provided by the state, or given by any person or persons to the  
311 Trustees of the Berkeley Divinity School, the board of trustees of  
312 Connecticut College for Women, the Hartford Seminary Foundation,  
313 Sheffield Scientific School, Trinity College, Wesleyan University or The  
314 President and Fellows of Yale College in New Haven, and by them

315 respectively invested and held for the use of such institutions, with the  
 316 income thereof; provided none of said corporations shall hold in this  
 317 state real estate free from taxation affording an annual income of more  
 318 than six thousand dollars. Such exemption shall not apply to any real  
 319 estate which said Trustees of the Berkeley Divinity School own, control  
 320 or hold in trust, and which is situated in the city of Middletown. No  
 321 other provision of this section concerning exemption of property used  
 322 for educational purposes shall be construed to affect any provision of  
 323 this subdivision;

324 Sec. 6. Subdivision (16) of section 12-81 of the 2014 supplement to  
 325 the general statutes is repealed and the following is substituted in lieu  
 326 thereof (*Effective October 1, 2014, and applicable to assessment years*  
 327 *commencing on and after said date*):

328 (16) Subject to the provisions of [section] sections 12-20a, as  
 329 amended by this act, and 12-88, all property of, or held in trust for, any  
 330 Connecticut hospital society or corporation or sanatorium, provided  
 331 (A) no officer, member or employee thereof receives or, at any future  
 332 time, shall receive any pecuniary profit from the operations thereof,  
 333 except reasonable compensation for services in the conduct of its  
 334 affairs, and (B) in 1967, and quadrennially thereafter, a statement shall  
 335 be filed by such hospital society, corporation or sanatorium on or  
 336 before the first day of November with the assessor or board of  
 337 assessors of any town, consolidated town and city or consolidated  
 338 town and borough, in which any of its property claimed to be exempt  
 339 is situated. Such statement shall be filed on a form provided by such  
 340 assessor or board of assessors;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014, and applicable to assessment years commencing on and after said date</i>	12-20a

Sec. 2	<i>October 1, 2014, and applicable to assessment years commencing on and after said date</i>	12-20b
Sec. 3	<i>October 1, 2014, and applicable to assessment years commencing on and after said date</i>	3-55j(c) and (d)
Sec. 4	<i>October 1, 2014, and applicable to assessment years commencing on and after said date</i>	12-81(7)
Sec. 5	<i>October 1, 2014, and applicable to assessment years commencing on and after said date</i>	12-81(8)
Sec. 6	<i>October 1, 2014, and applicable to assessment years commencing on and after said date</i>	12-81(16)

**PD**      **Joint Favorable Subst.**